



# U.S. Customs and Border Protection

## MOST-FAVORED-NATION

### Overview

This provision covers the requirements for the application of Most-Favored Nation (MFN) rates on certain goods under USMCA. Rules of origin in USMCA and its predecessor, the North American Free Trade Agreement (NAFTA), help ensure that the benefits of the agreements are granted only to goods produced by the United States (U.S.), Mexico (MX), and Canada (CA), rather than to goods made wholly or in large part in other countries. If a good imported from CA or MX does not meet USMCA rules-of-origin requirements but is listed in this provision, it will receive MFN treatment.

### References

- **USMCA**
  - *Final Text*: Chapter 2, Article 2.10
- **NAFTA**
  - *Final Text*: Chapter 3, Section B – Tariffs, Article 308; Annex 308.1-3

### Significant Changes in USMCA

Provision	USMCA	NAFTA
<b>Duty-Free Conditions</b>	• <b>No change in overall guidance</b> – Select goods from MX, CA, or U.S. will receive most-favored-nation duty-free treatment when imported into MX, CA, or U.S.	
<b>Applicable Goods</b>	• <b>No change in general categories of goods</b> – Applies to certain automatic data processing goods and their parts, color television tubes, and any local area network apparatus.	

### Detailed USMCA/NAFTA Side-by-Side

Provision	USMCA	NAFTA
<b>Duty-Free Conditions</b>	<ul style="list-style-type: none"><li>• Each Party shall accord most-favored-nation duty-free treatment to a good provided for under the tariff provisions set out in Tables 2.10.1, 2.10.2, and 2.10.3.</li><li>• Notwithstanding Chapter 4 (Rules of Origin), each Party shall consider a good set out in Table 2.10.1, if imported into its territory from the territory of another Party, to be an originating good.</li></ul>	<ul style="list-style-type: none"><li>• Annex 308.1 applies to certain automatic data processing goods and their parts.</li><li>• Annex 308.2 applies to certain color television tubes.</li><li>• Each Party shall accord most-favored-nation duty-free treatment to any local area network apparatus imported into its territory, and shall consult in accordance with Annex 308.3.</li></ul>

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Provision	USMCA		NAFTA	
Applicable Goods	Table 2.10.1		<b>Annex 308.1, Certain Automatic Data Processing Goods and Their Parts</b> <ul style="list-style-type: none"><li>Each Party shall reduce its most-favored-nation rate of duty applicable to a good provided for under the tariff provisions set out in Tables 308.1.1 and 308.1.2 in Section B to the rate set out therein, to the lowest rate agreed by any Party in the Uruguay Round of Multilateral Trade Negotiations, or to such reduced rate as the Parties may agree, in accordance with the schedule set out in Section B, or with such accelerated schedule as the Parties may agree.</li><li>Notwithstanding Chapter Four (Rules of Origin), when the most-favored-nation rate of duty applicable to a good provided for under the tariff provisions set out in Table 308.1.1 in Section B conforms with the rate established under paragraph 1, each Party shall consider the good, when imported into its territory from the territory of another Party, to be an originating good.</li><li>A Party may reduce in advance of the schedule set out in Table 308.1.1 or Table 308.1.2 in Section B, or of such accelerated schedule as the Parties may agree, its most-favored-nation rate of duty applicable to any good provided for under the tariff provisions set out therein, to the lowest rate agreed by any Party in the Uruguay Round of Multilateral Trade Negotiations, or the rate set out in Table 308.1.1 or 308.1.2, or to such reduced rate as the Parties may agree.</li><li>For greater certainty, most-favored-nation rate of duty does not include any other concessionary rate of duty.</li></ul> <b>Annex 308.2, Certain Color Cathode-Ray Television Picture Tubes</b> <ul style="list-style-type: none"><li>Any Party considering the reduction of its most-favored-nation rate of customs duty for goods provided for in item 8540.11.aa (color cathode-ray television picture tubes, including video monitor cathode-ray tubes, with a diagonal exceeding 14 inches) or 8540.11.c (color cathode-ray television picture tubes for high definition television, with a diagonal exceeding 14 inches) during the first 10 years after the date of entry into force of this Agreement shall consult with the other Parties in advance of such reduction.</li></ul>	
	<b>A. Automatic Data Processing Machines (ADP)</b>			
		8471.30		
		8471.41		
		8471.49		
	<b>B. Digital Processing Units</b>			
		8471.50		
	<b>C. Input or Output Units</b>			
	Combined Input/Output Units			
	CA	8471.60.00		
	MX	8471.60.02		
	US	8471.60.10		
	Display Units			
	CA	8528.42.00 8528.52.00 8528.62.00		
	MX	8528.41.99 8528.51.01 8528.51.99 8528.61.01		
	U.S.	8528.42.00 8528.52.00 8528.62.00		
	Other Input or Output Units			
	CA	8471.60.00		
	MX	8471.60.03 8471.60.99		
	U.S.	8471.60.20 8471.60.70 8471.60.80 8471.60.90		
	<b>D. Storage Units</b>			
		8471.70		
	<b>E. Other Units of Automatic Data Processing Machines</b>			
		8471.80		
	<b>F. Parts of Computers</b>			
		8443.99		Parts of machines of subheading 8443.31 and 8443.32, excluding facsimile machines and teleprinters

Provision	USMCA		NAFTA	
		8473.30	Parts of ADP machines and units thereof	<ul style="list-style-type: none"><li>If any other Party objects in writing to such reduction, other than a reduction in the Uruguay Round of Multilateral Trade Negotiations, and the Party proceeds with the reduction, any objecting Party may raise its applicable rate of duty on originating goods provided for in the corresponding tariff item set out in its Schedule to Annex 302.2, up to the applicable rate of duty as if such good had been placed in staging category C for purpose of tariff elimination.</li></ul> <p><b>Annex 308.3, Local Area Network Apparatus</b></p> <ul style="list-style-type: none"><li>To facilitate the operation of Article 308(3), the Parties shall consult regarding the tariff classification of local area network apparatus and shall endeavor to agree, no later than January 1, 1994, on the classification of such goods in each Party's tariff schedule.</li></ul>
		8443.99	Parts of LAN equipment of subheading 8517.62	
	CA	8529.90.19 8529.90.50 8529.90.90	Parts of monitors and projectors of subheading 8528.42, 8528.52, and 8528.62	
	MX	8529.90.01 8529.90.06	Parts of monitors or projectors of subheadings 8528.41, 8528.51, and 8528.61	
	U.S.	8529.90.22 8529.90.75 8529.90.99	Parts of monitors and projectors of subheading 8528.42, 8528.52, and 8528.62	
	<b>G. Computer Power Supplies</b>			
	CA	8504.40.30 8504.40.90 8504.90.10 8504.90.20 8504.90.90		
	MX	8504.40.12 8504.40.14 8504.90.02 8504.90.07 8504.90.08	Parts of goods classified in tariff item 8504.40.12	
	U.S.	8504.40.60 8504.40.70 8504.90.20 8504.90.41		
	<b>Table 2.10.2</b>			
	<b>A. Metal Oxide Varistors</b>			
	CA	8533.40.00		
	MX	8533.40.05		
	U.S.	8533.40.40		
	<b>B. Diodes, Transistors and Similar Semiconductor Devices; Photosensitive Semiconductor Devices; Light Emitting Diodes; Mounted Piezo-electric Crystals</b>			
		8541.10		
		8541.21		
		8541.29		
		8541.30		
		8541.50		
		8541.60		
		8541.90		
	CA	8541.40		
	MX	8541.40.01 8541.40.02		

Provision	USMCA		NAFTA
		8541.40.03	
	U.S.	8541.40.20	
		8541.40.60	
		8541.40.70	
	C. Electronic Integrated Circuits and Microassemblies		
		8542	
	CA	8548.90.00	
	MX	8548.90.04	
	U.S.	8548.90.01	
	Table 2.10.3		
	Local Area Network (LAN) Apparatus		
	CA	8517.62.00	
	MX	8517.62.01	
	U.S.	8517.62.00	